

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 00277 200809Z

12

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 SP-02 AID-05 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 PA-01 PRS-01 USIA-06 /087 W

----- 091799

R 200728Z JAN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1984

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE KUWAIT 0277

DEPT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN KU

SUBJECT: KUWAIT BANK IN TROUBLE?

1. REFTEL REPORTED RUMORS HERE THAT ONE OF THE COMMERCIAL BANKS WAS IN TROUBLE. APPEARS THAT BANK BEING REFERRED TO IS COMMERCIAL BANK OF KUWAIT, COUNTRY'S SECOND LARGEST BANK. AS OF DECEMBER 31, 1973 BANK HAD ASSETS OF ABOUT \$700 MILLION. SINCE EARLY 1974 IT HAS BEEN MANAGED BY OFFICERS SECONDED FROM CHASE, MANHATTAN BANK, AND CHASE AND COMMERCIAL BANKS HAVE JOINT VENTURES IN LOWER GULF.

2. ONE REASON CHASE MANAGEMENT WAS BROUGHT IN WAS THAT VARIOUS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 00277 200809Z

PROBLEMS CAME TO A HEAD DURING 1973. BANK WAS AMONG WORST HIT

HERE IN TERMS OF EXCHANGE LOSSES AT TIME OF SECOND DOLLAR DEVALUATION. PREVIOUS MANAGEMENT INVESTED HEAVILY IN COMPUTERS WITH WHICH THEY THEN HAD MANY PROBLEMS. BANK HAS ALSO HAD LIQUIDITY PROBLEMS AS HAVE MOST OTHER COMMERCIAL BANKS HERE.

3. BECAUSE OF ITS MANY PROBLEMS COMMERCIAL BANK HAS HAD TO BE LESS FLEXIBLE WITH ITS CUSTOMERS AND IS THOUGHT TO HAVE HAD TO ASK FOR QUICK REPAYMENT OF LOANS FROM TIME TO TIME. AS A RESULT SOME OF ITS LARGER CUSTOMERS HAVE SHIFTED TO OTHER BANKS. ALTHOUGH ON BALANCE THE PRICE OF COMMERCIAL BANK SHARES IN THE LOCAL MARKET HAS REMAINED STEADY AT KD59 OR 60 (KD1 - \$3.38), THERE HAS BEEN SOME DAY-TO-DAY FLUCTUATION REFLECTING WEAKENING CONFIDENCE AMONG THE PUBLIC.

4. COMMENT: COMMERCIAL'S PROBLEMS ARE NOT NEW BUT THERE SEEMS TO BE GREATER GENERAL AWARENESS OF THEM, MOREOVER, BECAUSE OF ITS PROBLEMS IT IS NOT ABLE TO BE AS AGGRESSIVE OR FLEXIBLE AS SOME OF ITS COMPETITORS. AS NOTED REFTEL WE THINK IT HIGHLY UNLIKELY THAT LOCAL AUTHORITIES WILL ALLOW BANK TO COLLAPSE, BUT CHASE MANAGEMENT WILL HAVE ITS HANDS FULL IN TURNING PRESENT SITUATION AROUND. REPUTATION OF AMERICAN BANK MANAGEMENT IN GENERAL HERE PROBABLY WILL DEPEND SUBSTANTIALLY ON HOW WELL CHASE MANAGEMENT PERFORMS.
STOLTZFUS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY, ECONOMIC CONDITIONS, BANKS, CONSULTANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUWAIT00277
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750020-0938
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750138/aaaabgyr.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2003 by ShawDG>; APPROVED <26 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT BANK IN TROUBLE?
TAGS: EFIN, KU, COMMERCIAL BANK OF KUWAIT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006